



February 22, 2016

Dan Niziolek
Deputy Director, Department of Safety and Inspections
375 Jackson Street, Suite 220
Saint Paul, MN 55101

RE: Airbnb feedback on proposed short-term rental regulation in Saint Paul, Minnesota

Hello Dan,

Thank you for allowing us to participate in City of Saint Paul's regulatory process for short-term rentals. We are eager to work with you to develop policies that allow Saint Paul and its families to unlock the economic and social benefits of homesharing.

Short-term rentals benefit the Saint Paul community in many ways. A typical Airbnb host in Saint Paul earns \$7,300 in extra income per year, totalling \$1.5 million for our host community in 2016. A little less than half of these hosts are sharing a private or shared room in their homes. And, merchants in Saint Paul benefit from short-term rentals as well. Airbnb guests typically stay longer than those staying in hotels, and are more likely to stay outside of the downtown area -- spreading the economic impact of short-term rentals to areas that haven't traditionally benefitted from tourism.

Next year Airbnb will be instrumental in expanding the city's lodging capacity during the Super Bowl, when traditional accommodations are expected to be saturated. In addition, our host community is eager to serve as ambassadors during the two-week stretch when the world will be focused on Saint Paul and Minneapolis. Our hosts take pride in guiding guests towards the amazing attractions, museums, restaurants, bars and shops in their neighborhoods.

Here are some of our initial thoughts:

- **Collection of lodging and sales taxes:** Our host community wants to pay its fair share in taxes, and we want to help. Airbnb would like to enter into a voluntary collection agreement (VCA) with the city to ensure taxes are collected from our host community. The responsibility to collect and remit taxes falls on Airbnb hosts, not the platform itself. However, our hosts are not professional hoteliers - many are only active for a few weeks per year, and don't have the resources or capacity to understand complicated tax laws. Therefore, Airbnb often signs VCAs with cities to step into their shoes and collect and remit the tax for them.
- **Regulatory Objective:** Airbnb urges the City of Saint Paul to clarify its regulatory objective in light of the last Short Term Rental Work Group meeting. A worthwhile objective, for example, would be to allow Saint Paul and its citizens to realize the economic benefits of home sharing while ensuring the safety of hosts, guests, and the



wider community. The objective for Saint Paul's STR regulation should not be to increase barriers to entry for new or existing participants in the market.

- **Registration/Host Assertion Form:** The City should not seek to require platforms to enforce its laws, including collecting and verifying host assertion forms. Platforms are not the best party to determine or verify the legality of listings. Moreover, federal law (including the Communications Decency Act, 47 U.S.C. § 230) bars municipalities from requiring online platforms to police their sites or otherwise hold them responsible for the actions of their users who do not comply with local regulations. While the onus should remain on the City to enforce its own laws, hosts could be encouraged to display their permit numbers on platforms and in their listings. Airbnb is interested in discussing other ways in which it might be able to voluntarily work with the City to increase host compliance, which it has done in other cities across the country.
- **Requests for Host Data:** At Airbnb, we believe in standing up for our host community. This includes making every effort to protect the privacy and due process rights of our users. At the same time, Airbnb is committed to working with local law enforcement to keep our communities safe. Our policy is to efficiently comply with a valid legal process from law enforcement and to quickly review any emergency requests regarding our users' data. In addition, Airbnb has established principles to provide anonymized data about our community to officials to help inform home sharing policies as well as to give them visibility into the scope of home sharing participation and its economic, social and environmental impact.
- **Zoning Restrictions:** Airbnb strongly dissuades the City from restricting the availability of short-term rental permits by zone, as was discussed at the work group meeting. First, this proposal is predicated on the assumption that the volume of short-term rental activity will fundamentally change the character of neighborhoods. We do not believe this to be true. Most Saint Paul hosts only welcome guest on an occasional basis, and they act as ambassadors to communicate neighborhood character when they do so. Further, such restrictions are impractical for the city to enforce, and will unfairly penalize Saint Paul individuals or families who later apply for permits.

Thank you again for allowing us to be part of this process. We look forward to collaborating with the city, and are happy to connect you with our host community for additional feedback. We very much want to work with you on fair and reasonable regulations that benefit your residents and Saint Paul.

All the best,

Laura Spanjian
Public Policy Director
Airbnb

Sec. 34.13. - Occupancy.

The owner of any premises regulated by this section, as specified in section 34.03, shall comply with the following requirements:

- (1) *Minimum ceiling height.* In calculating the floor area of habitable rooms, only those portions of the floor area of a room having a clear ceiling height in excess of five (5) feet may be included. At least half of the floor area of any habitable room shall have a clear ceiling height of seven (7) feet or more.
- (2) *Required space in dwelling units.* Every dwelling unit shall contain a minimum gross floor area of at least one hundred fifty (150) square feet for the first occupant, at least one hundred (100) square feet for each occupant thereafter, the floor area to be calculated on the basis of the total habitable room area.
- (3) *Required space in sleeping rooms.* In every dwelling unit, every room occupied for sleeping purposes by one (1) occupant shall have a minimum gross floor area of at least seventy (70) square feet. In every dwelling unit, every room occupied for sleeping purposes by two (2) or more occupants shall have a minimum gross floor area of fifty (50) square feet per occupant thereof. Rooming units shall comply with section 34.17(2) of this Code.
- (4) *Escape window.* At least one (1) emergency escape and rescue window or exterior door opening in every room used for sleeping purposes shall be openable from the inside, with a minimum overall net glazed area of five and seven-tenths (5.7) square feet or in accordance with current building code; the minimum net clear opening height dimension shall be twenty-four (24) inches, the minimum net clear opening width dimension shall be twenty (20) inches, and it shall have a minimum finished sill height of not more than forty-eight (48) inches above the floor. Should the window, or any part of it, be below grade, an excavation shall be made, on the exterior side of the window, that extends at least to the depth of the window sill. Window wells required for emergency escape and rescue shall have horizontal dimensions that allow the door or window of the emergency escape and rescue opening to be fully opened. The horizontal dimensions of the window well shall provide a minimum net clear area of nine (9) square feet with a minimum horizontal projection and width of thirty-six (36) inches. Should the window sill be forty-eight (48) inches or more below grade, a stairway or permanently affixed ladder shall be provided from the excavation to grade.
- (5) *Access limitation of dwelling unit or rooming unit to commercial uses.* No habitable room, bathroom or toilet room which is accessory to a dwelling unit or rooming unit shall open directly into or shall be used in conjunction with any commercial or industrial use.

(C.F. No. 05-740, § 1, 9-14-05)

Sec. 34.17. - Rooming units.

No person shall occupy or let to another for occupancy any rooming unit in any residential structure unless the rooming unit and residential structure comply with the following requirements:

- (1) *Toilet, hand sink and bathing facilities.* Every rooming unit or guest room shall have available a toilet, hand sink and bathtub or shower. All these facilities shall be:
 - a. Located within the residential structure;
 - b. Directly accessible or accessible from a heated passageway to all persons sharing the facilities without going outside the residential structure;
 - c. Located within a room or rooms which afford privacy and are separate from the habitable rooms; and
 - d. Located on the same floor as, or a floor adjacent to, the rooming unit served by the facilities.

At least one (1) toilet, hand sink and bathtub or shower shall be supplied for each five (5) persons or fraction thereof residing in a residential structure and using the shared facilities.

- (2) *Minimum floor area for sleeping purposes.* Every room occupied for sleeping purposes by one (1) person shall contain at least seventy (70) square feet of floor area. Every room occupied for sleeping purposes by two (2) or more persons shall contain at least sixty (60) square feet of floor area for each occupant thereof.
- (3) *Bed linen and towels.* The owner or operator shall change supplied bed linen and towels therein at least once each week, and prior to the letting of any room to another occupant. The owner or operator shall be responsible for the maintenance of all supplied bedding and towels in a clean and sanitary manner.
- (4) *Shades, drapes, etc.* Every window of every rooming unit shall be supplied with shades, drapes or other devices or materials which, when properly used, will afford privacy to the occupant of the rooming unit.
- (5) *Maintenance of walls, floors, etc.* The occupant shall be responsible for the sanitary maintenance of all walls, floors and ceilings of the rooming unit. Supplied equipment and every other part of the rooming units and the common, shared or public areas is the responsibility of the owner or operator.

(C.F. No. 05-740, § 1, 9-14-05)



City of Saint Paul

Short Term Rentals Project

Developing regulations for dwelling units (or portions of) which are rented for short periods of time in the City of Saint Paul.

Conversation Questions:

Benefits of short term rentals?

1. _____
2. _____
3. _____

Issues or concerns with short term rentals?

1. _____
2. _____
3. _____

Ways to ensure short term rentals are a beneficial part of neighborhoods?

1. _____
2. _____
3. _____



City of Saint Paul

Short Term Rentals Project

Regulating dwelling units (or portions of) which are rented for short periods of time in the City of Saint Paul.

The City of Saint Paul is engaging residents and businesses to provide feedback on proposed regulations related to allowing the operation of Short Term Rentals (such as Airbnb and VRBO) in Saint Paul.

Initial Staff Report Key Findings:

Saint Paul has approximately 250 short term rentals listed online.

Short term rentals do not appear to be generating many complaints.

Saint Paul currently has no licensing requirements for short term rentals.

Saint Paul's Zoning Code does not list short term rental as a permitted use.

Fire Certificate of Occupancy ordinance regulates non-owner occupied residential units.

Some tax revenue of short term rentals is not being collected.

Short term rentals are residential uses with commercial impacts. Rentals with lesser impacts should be regulated with fewer restrictions.

Host platforms are companies hosting thousands of listings. They offer services to hosts and renters, but generally do not ensure compliance of hosts with local ordinances.

Recommendations:

Develop a Zoning Code amendment to permit short term rentals and develop standards related to owner occupied and non-owner occupied units.

Develop a mechanism to ensure tax collection is occurring, possibly via host platforms.

Develop an ordinance amendment to license host platforms, with specific requirements relating to reporting and compliance.

Utilize complaints about short term rentals to inform future regulations

Proposed Zoning Code Language:

- **Sec. 65.645. Short term rental dwelling unit Reserved.**
A dwelling unit, or a portion of a dwelling unit, rented for a period of less than thirty (30) days.
 - (a) In RL – RT1 districts, there shall be no more than one (1) short term rental dwelling unit on a zoning lot. In other districts up to 50 percent of dwelling units, to a maximum of four (4), in multi-unit buildings may be short term rental dwelling units.
 - (b) A short term rental dwelling unit shall not be open to the public, but shall be used exclusively by registered short term rental dwelling unit guests.
- (c) No exterior identification sign of any kind shall be permitted.
- (d) Total occupancy of a short term rental dwelling unit shall not exceed the definition of family in Section 60.207 allowed in a single housekeeping unit except that occupancy in excess of the definition of family may be permitted with a conditional use permit, on a case by case basis, for large one- and two-family dwellings on large lots.

Proposed Licensing Code Language:

Require Short Term Rental host platforms, offering booking services, to be licensed.

Requirements:

- Educate hosts on Saint Paul Regulations.
- Require Host Assertion Form to be completed by host prior to listing.
- Provide host's information and activity to the City when requested.
- Collect Lodging and Sales taxes for any bookings processed.

The City looks to partner with short term rental host platforms to create a regulatory framework that supports short term rental activities, a level playing field, and safe, affordable, healthy, and livable neighborhoods.

The ability of the above regulations to be achieved and ensure city objectives will impact the City of Saint Paul's consideration of a licensing program for all short term rental hosts.



City of Saint Paul

Short Term Rentals Project

Regulating dwelling units (or portions of) which are rented for short periods of time in the City of Saint Paul.

Short Term Rental Workgroup Meeting

February 7, 2017

Agenda

- Input from the Community Listening Session
- Zoning Code ordinance language topics
 - o Definition of family
 - o Duplex question
 - o Spacing requirement
 - o Distinctions between owner and non-owner occupied units
 - o Miscellaneous (e.g. minimum stay length)
- Licensing Code ordinance language topics
 - o Discuss host platforms' objections to proposed language
 - o Discuss potential licensing/registration program
- Other issues
 - o Input of B&Bs
- Next steps

**City of Saint Paul—Proposed Language for Short-Term Rental Properties
Response from Bed and Breakfast Association and Owners to Request for Alternate Language
February 3, 2017**

January 6, 2017 Meeting Attendees:

- Dan Niziolek, Deputy Director, City of St. Paul, Department of Safety and Zoning
- Wendy Lane, Zoning Administrator, City of St. Paul, Department of Safety and Inspections

- Kris Ullmer, Executive Director, Professional Association of Innkeepers International,
- Rob Fulton, Executive Director, Association of Independent Hospitality Professionals,
- Tammy Schluter, Executive Director Minnesota Bed and Breakfast Association,
- Pam Biladeau, Owner/Resident, Corban Manor Inn, St. Paul MN
- Bill Gray, Owner/Resident, Cathedral Hill Bed and Breakfast, St. Paul MN
- Carla Sherman, Owner/Resident, Como Park Bed and Breakfast, MN

Background

This is a follow-up to the January 6, 2017 meeting with national and state bed and breakfast association executive directors, Saint Paul bed and breakfast owners and residents, and city of Saint Paul representatives. The purpose of the meeting related to the city of Saint Paul’s proposed short-term rental language developed from their “Short-Term Rental” Study. We are in support of the Department of Safety & Inspection’s mission of: “To preserve and improve the quality of life in Saint Paul by protecting and promoting public health and safety for all.”

The bed and breakfast representatives, owners and residents voiced concerns that the new short-term rental designation creates lower quality of living, safety and housing value issues for residential neighborhoods and creates an unfair playing field for licensed bed and breakfast owners. As a result, the bed and breakfast owners and associations were asked to provide alternate language that would satisfy these concerns.

Our first concern is the unanswered question: “What makes “short-term rentals” uniquely different from the existing licensed lodging types? These short-term rentals are in the same business as licensed bed and breakfasts and other licensed lodging types—all provide accommodations in exchange for money, prices are comparable, all provide beds or rooms, often year around, many provide food—all are, by definition, a business. The state the state of Minnesota has licensing for business who offer sleeping accommodations.

It is also unclear why a private residential definition for “family” occupancy is being applied to short-term rentals. Our concern is that by applying the private residential “family” occupancy definition, and only requiring these short-term rentals to “register,” the proposed language bypasses current state of Minnesota licensing laws and redefines the city of St. Paul’s zoning. The people who live in these neighborhoods are denied the enforcement of the current laws, rules, regulations, zoning in place for the public’s safety and maintenance of healthy neighborhoods.

We appreciate the opportunity to provide alternate language to address our concerns related to neighborhood safety, quality of life and maintaining an even playing field for legit, licensed, lodging types.

Alternative Language for Fair Playing Field

Proposed City of St. Paul STR Language	Concern	Recommendation	Alternate Language from the BnB Owners/Residents to even the playing field
<p>1) The proposed Language does not state the specific needs being resolved with a new short-term rental (STR) designation.</p>	<p>1) The proposed language for a STR denies the people who live in these neighborhoods the enforcement of the current laws, rules, regulations, zoning and codes for the public's safety and maintenance of healthy neighborhoods.</p>	<p>1) Do not lower licensing and regulatory standards or bypass or reduce current zoning.</p> <p>It is not in the best interest of our neighborhoods to ignore or lower our safety standards to accommodate rentals that simply do not want to or do not qualify for the current licensing and zoning requirements that have been put in place for a reason.</p>	<p>STRs should follow the current licensing and regulatory standards and zoning.</p> <p>These short-term rentals are in the same business as licensed bed and breakfasts and other licensed lodging types—all provide accommodations in exchange for money, prices are comparable, all provide beds or rooms, often year around, many provide food—all are, by definition, a business.</p> <p>[Note: The IRS already allows for untaxed interim rentals (defined as 15 nights). This takes into account the occasional intermittent need for short-term rentals during large events (ex. the Super Bowl).]</p>
<p>2) Unlimited numbers of STRs will be allowed in residential areas.</p> <p>Unspecified numbers of guests will be allowed with the "family" occupancy definition.</p> <p>Conditional Use Permits (CUP) are not required for owner-occupied STRs.</p> <p>Multi-unit rentals may have 50% or up to four units as STR.</p>	<p>2) Planning, zoning and licensing considers the negative impact on the quality, safety and housing values in residential neighborhoods.</p> <p>[Note: 40% of Airbnb's revenue is generated by only 6% of their hosts and this number is likely to increase (i.e., this means many of the rentals are multi-property, multi-unit STRs with absentee landlords.)</p> <p>The illegally operating STRs are operating like a hotel next to families bypassing</p>	<p>2) Limit the density of STRs in neighborhoods and specifically quantify the number of sleeping rooms and guest occupancy limits.</p> <p>[Note: We would not allow the Saint Paul Hotel to bypass zoning and operate their 250 rooms within a residential neighborhood, so why are we going to allow unlimited numbers of STRs to operate and overrun a neighborhood. It is important to note that the estimated 250 illegally operating STR listings in St. Paul often include more than one room.]</p>	<ul style="list-style-type: none"> Limit the distance between STRs to: <ul style="list-style-type: none"> 1,000 feet from all BnBs (the current requirement for licensed BnBs.) <ul style="list-style-type: none"> 500 feet between owner-occupied STRs. 1,500 feet between non-owner occupied multi-property STRs. Limit multi-unit STRs to the same distances as above, with no more than 50% or two units to a building. Quantify the number of guest sleeping rooms and guest occupancy for STRs: <ul style="list-style-type: none"> Limit owner-occupied STRs to one-family dwellings, one guest sleeping room, and up to two (2) guests; one (1) of whom must be an adult. Limit non-owner occupied STRs to one-family dwelling with up to four (4) guest sleeping rooms and up to eight (8) guests; one (1) of whom must be an adult (require a CUP process for non-owner occupied STRs). Multi-unit rentals would require the same as above and must have one adult in each unit. Define STRs as renting from 7-30 days (more than a BnB and other lodging, but less than long-term rentals). See attachment A Limit STRs without a CUP to 30 nights per year. No breakfasts or food may be served at STRs. Require owners to have insurance to protect guests. Require off street parking.

Proposed City of St. Paul STR Language	Concern	Recommendation	Alternate Language from the BnB Owners/Residents to even the playing field
	<p>current zoning in residential neighborhoods.</p> <p>There is opportunity to create a bubble of multi-property rentals crashing the market if there are mass sell-offs if there are economic and tax benefits to sell a home for less money than the going market rate.</p> <p>Aggregately, STR activity flies under the radar of Anti-Trust laws, large hotel chains would need to follow.</p>		
<p>3) Requires licensing for STR host platforms who offer booking services (in essence, platforms would be responsible for regulating property owners).</p> <p>Requires property owners to "register" via Host Assertion Form"</p> <p>[(Note: The Host Assertion Form has not been developed yet for review. We do not know how this will affect the legit licensed BnBs and other lodging types.)]</p>	<p>3) It is unclear if the proposed language to license host platforms is enforceable.</p> <p>[Note: Airbnb has sued other states who were trying to hold hosting platforms accountable.</p> <p>In the 8+ years of Airbnb's existence they have not provided host information to government entities; given this track record, it is unlikely the host platforms would start now.]</p>	<p>3) It would be more effective to follow the long-standing zoning, regulatory and licensing requirements and hold the STR owner's liable for compliance and then enforce compliance, if necessary, through fines.</p>	<ul style="list-style-type: none"> • Hold STR owners accountable for licensing. • At a minimum, conduct random inspections of STRs. • Require the same safety standards for STRs as BnBs. • Require host platforms and STR owners to educate the public on the differences between licensed lodging types and STRs (ex. higher standards, inspections, etc.) use language provided by the BnB Associations. • Require reservation platforms to pay a fee for doing business in Minnesota to cover the city services and benefits they receive from doing business from physical locations in Minnesota through property owners. • Provide anonymous reporting to the city for unlicensed STRs.

Proposed City of St. Paul STR Language	Concern	Recommendation	Alternate Language from the BnB Owners/Residents to even the playing field
<p>4) Require property owners to self-inspect and fill out a "Host Assertion Form".</p> <p>[Note: This form has not been developed yet for review. We do not know how this will affect the legit, licensed, BnBs.]</p>	<p>4) If property owners have not followed the law to-date, why would they begin to follow it now and "register" or accurately self-inspect.</p> <p>[Note: The city of Charlottesville had 400 STRs and implemented a "registration" requirement for owners; however, only 11% of the rental property owners registered with the city.]</p>	<p>4) Coordinate with Minnesota Department of Revenue and the IRS to go after tax fraud—when it comes to tax fraud, the IRS can force STR reservation platforms to provide host information to the government.</p> <p>Enforce laws and penalties to ensure illegal STRs either come up to compliance or are shut-down.</p>	<ul style="list-style-type: none"> • Alternate Language from the BnB Owners/Residents to even the playing field • Require host platforms to obtain a compliance confirmation number from the city before advertising the listings and require that number is posted with the list.
<p>5) STR and BnB licensing requirements are not equitable.</p>	<p>5) BnBs are being held to a higher standard with higher associated costs.</p> <p>Licensed BnBs based their business plans on current licensing types and zoning (including the number of allowable rooms and guests.)</p> <p>[Note: BnBs are limited to three guest sleeping rooms and one apartment in a two-family dwelling unit; or four guest sleeping rooms, no apartment in a single-family dwelling unit and must be 1,000 feet apart from other BnBs.</p> <p>We pay 10.865% taxes per room rental, adhere to employment laws, insurances, licensing and inspection fees.]</p>	<p>5) Require STRs to pay the same taxes and fees as BnBs.</p> <p>If currently licensed owner-occupied BnBs are held to a higher standard than STRs for the same type of services; then even the playing field to cover the inequity.</p>	<ul style="list-style-type: none"> • Require STRs to obtain a business license number, EIN, Minnesota Tax ID and Employer Number for STRs. • Require STRs to pay the same tax rate as BnB's who pay a total tax rate of 10.865% (breakdown: 6.875% Minnesota Department of Revenue, .50% St. Paul; .25% Transit Tax; .25% Lodging Tax • Adhere to employment laws (i.e., paying for sick leave, worker's compensation, unemployment, minimum wage, etc.). • Pay licensing and inspection fees; require compliance. • Create equity for currently licensed owner-occupied BnBs by increasing guest sleeping rooms to eight (8), allow these rooms to be located in one-family, two-family and accessory dwellings located on the same lot as the licensed BnB. <ul style="list-style-type: none"> ○ Limit guests to eighteen (18) guests, there must be at least one adult guest in each of the dwellings. • Allow the option for currently licensed BnBs to not include breakfasts (allowing some rooms to be STRs); a minimum of 50%, up to three sleeping guest rooms, must include breakfast. • Apply residential building codes to owner-occupied BnB dwellings. • Allow up to eight (8) complimentary surface parking spaces for guests staying at owner-occupied STRs or BnBs. (Note: over 9 parking spots requires a parking lot license and is commercial.) <ul style="list-style-type: none"> ○ Per new codes, if there are no changes to the footprint of a dwelling or driveway, no improvements would be required; define owner-occupied driveways as residential for STRs and BnBs).

Proposed City of St. Paul STR Language	Concern	Recommendation	Alternate Language from the BnB Owners/Residents to even the playing field
			<ul style="list-style-type: none"> Remove language limiting the number of BnB employees (this is an unequitable requirement, especially if an owner is single or becomes disabled (Note: STRs may hire as many employees as they wish and at a lower rate for domestic employees than licensed BnBs).

To: Dan Niziolek

From: Jerome Benner II

Re: Listening Session for Short-Term Rentals (Airbnb's and VRBO's)

Purpose:

The purpose of this listening session was to create an open dialogue with the community to learn about the benefits of short-term rentals in their respective neighborhoods and any glooming concerns with how the City proposes to regulate the new use. Councilmember Prince attended the meeting on behalf of her constituents. The following information are comments collected from the meeting held on January 19, 2017:

Benefits of short-term rentals?

- Building new relationships within the community
- Alternative lodging options for those who do not want to stay in a traditional hotel
- More personal feel. Better for families that are traveling together
- Generates income opportunities for the host(s)
- Builds City's image and generates money for the local economy
- Company for those that are lonely and enjoy having additional guests stay with them
- More eyes on the neighborhood
- Less wear and tear on the homes because guests are staying for shorter periods of them than long-term renters
- Helps with hotel overflow

Issues or concerns with short-term rentals?

- Safety issues – people have died at Airbnb's (Airbnb now supplies Co2 and smoke detectors)
- No notice to residents. Many felt they do not have a say in what goes on in their neighborhoods
- Fear of not knowing who is staying next door (stranger danger!)
- Creating economic/commercial uses in predominately residentially zoning areas
- Hosts discriminating against guests
- Despite being a good host, residents are concerned bad guest will still be an issue
- Traffic congestion on local street systems
- Clarity in ordinance
- Unsavory entrepreneur host platforms

Ways to ensure short-term rentals are a beneficial part of neighborhoods?

- De-regulate traditional bed and breakfast uses to make it easier for business owners
- Require inspections of all short-term rentals
- Platform to allow residents to submit complaints regarding the improper use of a short-term rental
- Education hosts and potential guests about short-term rentals prior to their stay
- Database to collect ID from residents
- Separation requirement to help mitigate impact on neighborhoods
- State-Sponsored listing site
- Host pays inspection fees
- Create off-street parking requirements for hosts
- Require a Conditional Use Permit for all short-term rentals

Proposed maximum number of guests in a short term rental dwelling unit

Proposed zoning code amendment regarding the maximum number of guests:

Sec. 65.645. Short term rental dwelling unit.

- (d) Total occupancy of a short term rental dwelling unit shall not exceed the definition of family in Section 60.207 allowed in a single housekeeping unit except that occupancy in excess of the definition of family may be permitted with a conditional use permit, on a case by case basis, for large one- and two-family dwellings on large lots.

Existing definition of a family:

Sec. 60.207. - F.

Family. One (1) or two (2) persons or parents, with their direct lineal descendants and adopted or legally cared for children (and including the domestic employees thereof) together with not more than two (2) persons not so related, living together in the whole or part of a dwelling comprising a single housekeeping unit. Every additional group of four (4) or fewer persons living in such housekeeping unit shall be considered a separate family for the purpose of this code.

In other words, the maximum number of residents that can occupy the property without a conditional use permit:

<u>Host (Lives On Site)</u>	<u>Maximum Number of Guests</u>
Single person with no kids	3 adults, 2 of which can include kids
Single person with kids	3 adults, 1 of which can include kids
Two adults with no kids	2 adults, of which both can include kids
Two adults, 1 of which has kids	2 adults, 1 of which can include kids
Two adults, both of which have kids	2 adults, no kids
Three adults with no kids	1 adult, including kids
Three adults, 1 of which has kids	1 adult, including kids
Three adults, 2 of which have kids	1 adult, no kids
<u>Host (Lives Off Site)</u>	<u>Maximum Number of Guests</u>
None	4 adults, 2 of which can include kids

“Kids” as used above includes lineal descendants and adopted or legally cared for children and any domestic employees (like a nanny).

The occupancy of a short term rental that exceeds the definition of a family for large one- and two-family dwellings on large lots would require a conditional use permit from the Planning Commission. Neighborhood notification would be required and a public hearing would be held. The Planning Commission may impose such reasonable conditions and limitations in granting an approval as are determined to be necessary to fulfill the spirit and purpose of the zoning code and to protect adjacent properties. The process takes 5 to 7 weeks and there is an \$840.00 application fee.

Per Sec. 61.501, in granting a conditional use permit the Planning Commission must find that:

- (a) The extent, location and intensity of the use will be in substantial compliance with the Saint Paul Comprehensive Plan and any applicable subarea plans which were approved by the city council.
- (b) The use will provide adequate ingress and egress to minimize traffic congestion in the public streets.
- (c) The use will not be detrimental to the existing character of the development in the immediate neighborhood or endanger the public health, safety and general welfare.
- (d) The use will not impede the normal and orderly development and improvement of the surrounding property for uses permitted in the district.
- (e) The use shall, in all other respects, conform to the applicable regulations of the district in which it is located.

Airbnb Says It Will Work With S.F. to Play by the Rules

BY JEN KINNEY | NOVEMBER 15, 2016



(AP Photo/Russel A. Daniels)

After years of refusing to help San Francisco craft a mandatory registration system for hosts, Airbnb told the *San Francisco Chronicle* this week that it will work with the city to do so.

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[S.F. Is Struggling to Make Good on Airbnb Regulation](#)

San Francisco has attempted to limit the number of days a year property owners can host guests through the platform, as part of a bid to discourage people from buying up apartments solely for the purpose of using them as short-term rentals. But just a month after the law's implementation last year, the city's planning department admitted it was basically impossible to enforce. Only about 1,700 of an estimated 8,000 hosts have registered since last February, and without access to Airbnb's booking data, the city's hands are tied.

Now the company says it is willing to provide hosts' names, addresses and guest stays as part of a mandatory registration system. This will allow Airbnb to cut off listings once a host reaches the city's annual cap on number of nights rented, and to make sure units where tenants were evicted under the Ellis Act are not turned into short-term rentals.

Airbnb's willingness to play nice comes as new regulations loom. Currently, San Francisco allows rooms to be rented 365 days a year and entire homes for only 90 days. But the Board of Supervisors is expected to impose strict new limits Tuesday that will restrict short-term rentals to no more than 60 days a year.

And last week, a federal judge indicated he will likely rule against Airbnb in a lawsuit about last year's San Francisco registration law. When the city struggled to enforce the law due to the low registration rates, it passed an amendment that would hold Airbnb and similar companies liable for fines and criminal penalties if they allow bookings in unregistered listings. Airbnb sued, but appears poised to lose.

City officials seem hopeful about the company's change of heart. "We're encouraged that Airbnb appears to be taking steps to meet their requirements under the law, and we look forward to them coming into full compliance," says John Coté, a spokesman for City Attorney Dennis Herrera.

Airbnb acknowledged it played a role in the failure of the original registration system by not cooperating, and said it will help build a registration system similar to one it will soon roll out in Chicago. The city will receive information on every host with the understanding that hosts' privacy will be protected.

Airbnb has also said it's open to discussing other features, like requiring hosts to upload documents proving that they live in their units. The company has already built in tools to reject San Francisco hosts with multiple listings, a sure sign that users are not only renting their own home.

"This is a serious proposal to once and for all address the core issues that exist in San Francisco," said Chris Lehane, Airbnb's global policy chief, in a meeting with the *Chronicle*. "We can sit across the table from the city and address the issues in a win-win scenario."

“At the core of (our proposal) is let’s make this registration system work,” he continued. “Once it works, it will have a cascade effect, helping to solve a bunch of other issues.” Among them: If universal regulation works, Airbnb can avoid fines for booking unregistered properties.

EDITOR’S NOTE: The original headline of this article misrepresented Airbnb’s position. The company will only address registration issues if the city partners with them to do so.

Application of the City of Saint Paul Lodging Tax to Short Term Rentals

Applicable Law

1982 Laws of Minnesota, Chapter 523, Article 25, Section 1. Imposed a tax on transient lodging in the city of St Paul at a rate equal to three percent of the consideration paid for lodging and related Services by a hotel, rooming house, tourist court, motel or trailer camp or for the granting of any similar license to use real property. The tax does not apply to a rental or lease for 30 or more days continuously.

Applying Tax to Short Term Rentals

The Hotel Motel tax law as written applies to short term rentals and the service fees should be subject to the 3% lodging tax in addition to other applicable state and local taxes. The City regulations and zoning restrictions under consideration would be beneficial in the identification of the lodging facilities and enforcement of these taxes.

Collection

The City contracts with the State of Minnesota Department of Revenue to administer and enforce the tax. In accordance with the contract between the Department of Revenue and the City, the department is responsible for collecting a lodging tax imposed by Minnesota statute chapter 297A and is subject to the same interest, penalties and other rules. The department will also handle vendor registration and education of taxes. Vendors will remit the lodging tax as part of their Minnesota Sales and Use Tax returns and money collected by the department will be deposited in the State Treasury and transmitted to the city monthly. The City will need to meet with MN DOR to better understand the State's current collection methods and proposed extension to short term rentals.

Who will Pay

Owners are required to collect and remit the lodging tax. However, a vendor service (e.g. Airbnb) can in some cases collect and remit taxes on behalf of hosts. According to our research, Airbnb is not currently authorized by the State to collect and remit a sales tax on short-term lodging for owners.

Others considering the regulation and taxing of short term rentals

Many Local units of government are considering or have imposed regulatory requirements and taxes on short term rentals including: Minneapolis, Portland, Los Angeles, New York, San Francisco, Denver, Massachusetts, Chicago, North Carolina, Madison, Grand Rapids, Chicago, Boston, Austin, Nashville, New Orleans.

Improving Voluntary Collection Agreements with Online Lodging Marketplaces

Overview

Airbnb continues to pursue voluntary collection agreements (VCAs) with state and local governments across the country, whereby Airbnb agrees to collect and remit certain pre-determined state and/or local taxes on behalf of the property owners that list properties on the online lodging marketplace.

The ideal short-term rental tax system is one where Airbnb and other online lodging marketplaces collect and remit all applicable state and local hotel, lodging, transient occupancy, and related taxes that are levied on the traditional lodging industry. However, the best vehicle to achieve tax parity is not through confidential voluntary collection agreements, which lack transparency and make it difficult (if not impossible) for states and localities to enforce short-term rental regulation and business licensing rules.

VCAs are a poor substitute for clarifying existing law to require online marketplaces to collect and remit hotel and lodging taxes in the same manner that traditional lodging collects and remits. While lodging marketplaces have tax nexus in the states and localities in which they operate (that is, sufficient physical presence to be subject to those jurisdictions' tax regimes), that tax nexus has no relevance if the legal obligation to collect a tax is not imposed on the entity. The best option to achieve tax parity—and get government out of picking winners and losers in the lodging marketplace— is to ensure all similarly situated entities are required to collect applicable taxes.

However, if changing the legal obligation to collect is not viable in the near term, certain provisions of Airbnb's VCAs can be changed in order to make them more transparent and effective for consumers, state and local governments, and all taxpayers. This analysis is based on three publicly available city-level voluntary collection agreements between Airbnb and local taxing jurisdictions (Taos, New Mexico; Santa Fe, New Mexico, and Palm Desert, California). It is worth noting that this is likely merely a small sample of the VCAs Airbnb has negotiated given the number of states and cities across the country where Airbnb collects some taxes. The fact that government officials say little, if anything, about VCAs with Airbnb is evidence that they are very restrictive and non-transparent with regard to information that would be publicly available absent these VCAs data.

This restrictive nature of VCAs and the lack of transparency is a pressing issue which should be of significant concern to policymakers. The very nature of these VCAs mean that we are only able to provide a few examples, but these examples are indicative of a broader trend playing out across the country. The goal of this document is not to compare these publicly available VCAs to one another, but to demonstrate deep, concerning trends arising from these confidential negotiations and the restrictive agreements that result from them.

Background

The majority of the existing VCAs with Airbnb remain confidential and inaccessible to taxpayers. However, there are a few examples of VCAs that have become public. Of particular interest are the reporting requirements (or lack thereof) and user confidentiality provisions contained in these VCAs.

After comparing a sampling of available VCAs, it appears that VCAs generally require Airbnb to report a “gross rent” amount for the reporting period and then the tax due based on that gross rent. These VCAs also generally do not require Airbnb to report any information on the properties/units that are rented, or the guests renting those properties. Both of these elements are similar to the basic reporting requirements imposed on traditional lodging properties such as hotels. However, traditional lodging properties must provide additional detail, such as rooms rented nightly, when required by a jurisdiction under audit to verify that the correct amount of tax has been collected and the proper amount collected has in fact been remitted.

The VCA from the Town of Taos, New Mexico provides an instructive example. The town’s [voluntary collection agreement](#) [PDF] imposes slightly more strict reporting requirements on Airbnb than the other two VCAs discussed here, however the reporting requirements still only require aggregate-level data be reported:

"Airbnb agrees to reasonably report aggregate information on the tax reporting form prescribed by the Town, including all Lodgers Tax that is owed and due to the Town under the Code, subject to the provisions of this Agreement, and it shall remit all Lodgers Tax collected from Guests in accordance with this Agreement and the TOS and evidenced on such reports in the time and manner described in the Code or as agreed between the Parties within this Agreement. For the avoidance of doubt, except as may expressly be agreed to herein, Airbnb does not agree to produce personally identifiable information on users of the Platform pursuant to tax collection and reporting that is the subject of this Agreement. Airbnb shall, however, identify within the monthly Lodgers Tax collection report submitted to the Town the number of units (properties), their size by number of bedrooms per unit reported, the number of persons and length of stay for each unit reported. These per unit statistics shall only be used by the Town to verify the correct amount of Lodgers Tax to be collected per unit, and for the purpose of tracking, in the aggregate, the impact of Town marketing efforts over each month."

Of particular note, the Town of Taos VCA dictates that the unit data can only be used for tax collection purposes, not for other purposes (such as enforcing regulatory rules and statutes).

For reference, linked here are two additional VCAs that are publicly available online, in addition to the locality's applicable tax reporting form: City of Santa Fe [[VCA](#) | [Tax Reporting Form](#)] and City of Palm Desert [[VCA](#) | [Tax Reporting Form](#)]. It should be noted that the reporting requirements in these two additional VCAs are even less stringent than those in the Taos VCA.

Failures in Existing Voluntary Collection Agreements

(Based on publicly-available VCAs.)

Failure #1: VCAs do not allow states or localities to obtain detailed information to ensure (1) that all applicable taxes are being collected from property owners AND (2) that Airbnb is properly remitting all taxes collected from consumers.

Setting aside the VCA from the Town of Taos, New Mexico, the other publicly available VCAs only require Airbnb to report aggregate data on the amount of gross rent for the reporting period and the amount of tax due, with no information reported on actual properties or units rented, or information on property owners or guests. In Taos, Airbnb agreed to report the total amount of tax owed/due, number of units/properties, unit size based on number of bedrooms, number of persons, and length of stay.

This information is not sufficient for states or localities to audit Airbnb to ensure that it is collecting applicable taxes. Perhaps more egregiously, states and localities may not be able to audit to ensure that taxes Airbnb are collecting from consumers are actually being remitted to governments.

Tax regimes in the United States are fundamentally based on voluntary compliance. Voluntary compliance regimes are only effective when tax authorities have access to sufficient information to periodically review or audit. Most of the VCAs that have become public do not allow for sufficient information to be reviewed by tax authorities, and thus are fundamentally flawed.

Failure #2: VCAs require that when Airbnb is audited, all user data be anonymized.

This following section makes it impossible to identify owners of illegal rental listings or rentals that are not complying with existing regulatory laws because any information that could identify hosts or users is anonymized (using the Town of Taos VCA as an example, though other VCAs are similar):

*“With respect to any audit of completed Booking Transactions that are subject to this Agreement during any period in which it is effective, the Town **agrees to audit Airbnb on an anonymous numbered account basis.** The Parties agree that **Airbnb shall not be required to produce any personally identifiable information relating to any Host or Guest and/or relating to any Booking Transaction in connection with an audit or otherwise without binding legal process served only after completion of such audit by the Town of Airbnb with respect to such Host or Guest.** The Town agrees that for Lodgers Tax purposes, it will limit its audit of Airbnb and/or any assessment against Airbnb for alleged under collection of Lodgers Tax to no more than a consecutive twelve (12) month tax period within any consecutive forty-eight (48) month period, without binding legal process.”*

A section such as this would need to be stricken. Identifying individual hosts that are listing illegal properties is crucial for enforcing short-term regulatory provisions.

Failure #3: VCAs allow Airbnb to withhold information needed to adequately enforce regulatory and business licensing rules on short-term rental properties booked via Airbnb.

Setting aside the VCA from the Town of Taos, New Mexico, the other publicly available VCAs only require that Airbnb report aggregate data on the amount of gross rent for the reporting period and the amount of tax due,

with no information reported on actual properties or units rented, or information on property owners or guests. In Taos, Airbnb agreed to report the total amount of tax owed/due, number of units/properties, unit size based on number of bedrooms, number of persons, and length of stay.

However, even this is not enough information to enforce applicable regulatory rules in order to prevent illegal hotels and stop commercial actors from illegally listing multiple properties on Airbnb, or for units to be rented out on a full-time basis. Airbnb should be required to report **the number of nights a unit is offered out for transient rental**; and it should have to report **the number of units an individual host rents out**. Those two elements are key to enforcing laws and ordinances regulating full-time rental units and multi-unit operators (the definition of illegal hotels). Additional reporting requirements that could be imposed include requiring the reporting of the unit location (such as zip code or address) and any applicable registration information required by law (such as a business license or a short-term rental license, for example).

Failure #4: VCAs do not allow information sharing between agencies for purposes of enforcing regulatory rules on short-term rental properties booked via Airbnb.

The Town of Taos VCA implies that information-sharing between agencies is not allowed because per-unit statistics can only be used for auditing and for marketing purposes (and not for enforcing applicable laws:

“These per unit statistics shall only be used by the Town to verify the correct amount of Lodgers Tax to be collected per unit, and for the purpose of tracking, in the aggregate, the impact of Town marketing efforts over each month.”

A line such as this would need to be stricken or broadened. For example, “these per unit statistics may be used by the Town to verify the correct amount of Lodgers Tax to be collected and to enforce existing and applicable short-term rental regulations imposed by the Town and State.”

The Taos VCA is more explicit in one of the provisions in the “Confidentially” section of the VCA:

*“Any information or data provided to the Town by Airbnb, a Host or a Guest in connection with, relating to or concerning Lodgers Tax with respect to Booking Transactions on the Platform and information learned by the Town about Airbnb’s business shall be considered to be confidential taxpayer information. For the avoidance of doubt, any and all data provided to the Town by Airbnb in furtherance of meeting its obligations assumed under this Agreement, including but not limited to data provided on Lodgers Tax forms and/or reports and data provided pursuant to an audit by the Town, **shall not be shared with any other governmental agency, department or division of the Town or any other jurisdiction, including but not limited to federal, state or local, except for the purposes of enforcement of a tax obligation or as otherwise is required by law.**”*

A similar section exists in the Santa Fe VCA, but not in the Palm Desert VCA. A section such as this would need to be stricken or amended to include the ability to use data to enforce regulatory and/or licensing provisions.

1. LOUISIANA POLITICS & GOVERNMENT

Airbnb: New Orleans will become nationwide model for short-term rental enforcement

Short-term rental issue

Residents gather during a New Orleans City Council meeting as the short-term rental issue is debated at City Hall in New Orleans on Thursday, October 20, 2016. (Photo by Brett Duke, NOLA.com | The Times-Picayune) *(Brett Duke, NOLA.com | The Times-Picayune)*



By Kevin Litten, NOLA.com | The Times-Picayune

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Executives at San Francisco-based Airbnb say that regulations the New Orleans City Council is set to vote on Thursday (Dec. 1) could become a model for other cities nationwide. New Orleans has gone further than other cities -- some of which have been involved in litigation with Airbnb -- to regulate the controversial practice of renting out rooms and non-owner occupied housing to tourists.

New Orleans, along with cities like Chicago, New York and San Francisco, have become ground zero for the hotly debated topic of how to handle new technology platforms that enable property owners to market and rent their homes to visitors.

But Chris Lehane, Airbnb's global head of policy and public affairs, said New Orleans has taken the most comprehensive approach of any U.S. city to both regulate short-term rentals and address other urban issues such as affordable housing.

"There's a number of things here put together that represent a significant leap forward in terms of model legislation," Lehane said. "I think other cities throughout the country will be looking to emulate New Orleans. In fact, we've gotten calls from throughout the country really tracking what New Orleans is doing and looking to emulate it."

According to emails between city officials, lobbyists and attorneys for Airbnb, the negotiations that resulted in the legislation started in early 2015. What followed was a long series of meetings in both the Legislature in Baton Rouge and with key figures in Mayor Mitch Landrieu's administration.

It appears Landrieu's administration took a strong stance toward enforcement, pushing first for a complicated permit structure that stirred strong objections from Airbnb. The mayor's staff relented, removing the permit structure in favor of what the council will vote on Thursday: an annual 90-day cap on rentals in homes that aren't owner-occupied or in commercial districts.

[The commercial zones where short-term rentals will be allowed by right are MU-2, EC, MC and LS. They will require conditional approval in C-1, C2, C-3 and MU-1. For a detailed breakdown of the proposal, [click here.](#)]

The cap "was very hard to get my clients to agree," wrote Bob Ellis, a lawyer for Airbnb with the firm Canlas Ellis. He argued that the permit structure would mean that "no one but very wealthy people will be able to continue to operate" and could discourage compliance with the new law.

But the end result is something the city will be able to enforce, Lehane said. It will include data sharing with the city that shows where short-term rentals are located, and that will be made available this week -- months before the April 1 effective date for the regulations, allowing the city to "hit the ground running" on enforcement, Lehane said.

The key to enforcement will be what's known as a "pass-through registration" system. An Airbnb host registers a short-term rental on Airbnb's website, and the company turns over the information to the city's registry used for enforcement. Permits can be issued through the same system, Lehane said. Permits will cost between \$50 and \$500 annually, depending on the type of rental.

"It's really going to be a 21st-century, forward-looking approach," Lehane said. "What it really does is help the city enforce and take action really efficiently."

Short-term rental opponents have complained that the city doesn't have the tools to crack down on what's known as "bad actors" -- landlords who routinely allow renters to throw big, noisy properties and disrupt the neighborhood.

Lehane said that while "bad actors" are a small minority of hosts, the regulations the City Council is poised to pass will help track down those owners and hold them accountable.

Even so, the regulatory framework Airbnb helped craft is likely to be of little solace to opponents of short-term rentals, who would prefer a cap on the number of short-term rentals rather than the 90-day cap. Opponents have favored eliminating all short-term rentals where the owner isn't present, or at the very least, limiting short-term rentals to one per block.

Cities like Chicago, New York and San Francisco have all headed in that direction, either levying stiff fines against violators or limiting short-term rentals far more strictly than in New Orleans. But Lehane said that Airbnb views New Orleans as unique in trying to strike a balance between promoting and supporting tourism and ensuring residents can maintain a good quality of life.

"What the city is really looking to try to do here is, 'how do we promote and support a new industry that's contributing in a significant way to the local economics here?'" Lehane said. "What the city has effectively done ... is to have these tools that will work with each other. They've identified the types of home-sharing they want. They've identified the number of days they want based on looking at the patterns in the city, and they came about it by identifying the tools they'd need."

Another unique element of New Orleans' regulations contain a \$1 contribution per night, per rental, toward affordable housing. New Orleans is the only city that has sought to steer revenue from short-term rentals into addressing needs like affordable housing, Lehane said.

"I think you're going to start seeing cities use the tax dollars we can generate from those who travel on the platform to address a big public policy need," he said.

Opponents insist platforms like Airbnb are driving up the cost of housing. Asked whether the platform is acknowledging its role in driving up housing costs by making contributions toward affordable housing, Lehane said, "we see ourselves as a solution and an answer to help address housing challenges, and we certainly want to do that as many places as we can."

"It's really exciting that we're going to use money we're generating that otherwise wouldn't exist to help with affordable housing," Lehane said. "At the same time, the platform is generating money to help people stay in their own homes."

Lehane acknowledged, however, that not everyone is happy with the regulations. Neither is Airbnb, he said.

For example: There is a prohibition on short-term rentals in the French Quarter, which is among the most desirable locations in New Orleans.

"We didn't get everything we would've liked, but that's the nature of this process," Lehane said. "Sure, we have people doing it in the French Quarter, but we also have people doing it all over the city. Bringing tourism dollars and benefits to people who live here full-time who might not have benefited in the past, I think the city took a look at that ... and said the French Quarter seems to be doing fine but this could be beneficial to other parts of the community."

HIGHLIGHTS OF MODEL LEGISLATIVE APPROACHES

Philadelphia, PA: In preparation for the Democratic National Convention and Pope Francis' first US Visit, the City of Philadelphia needed a solution to support the influx of thousands of guests to the city. So, in June 2015, Philadelphia passed strong Short Term Rental legislation (*the largest US city to do so*) that easily allows residents to share their homes, enabling more guests, more local spending, and more taxes to flow into Philadelphia.

Ordinance Highlights:

- Hosts in Philadelphia can rent a primary home for up to 180 days.
- Anyone in Philly can rent their home up to 90 days per year regardless of whether they are an owner or renter, regardless of how many listings they have. After 90 days rented in a given year, they must get a permit from the city.
- Short Term Rental properties must remain a residence with guest lodging a secondary use
- Owner must maintain records for one year and make available to city
- Owner must provide contact info to lodgers for the purpose of responding to complaint.

Statistics:

- Active Listings: 8,000
- Average Host Income: \$4,700
- Total Number of Guests 2015: 102,000
- Average Length of Stay: 2.9 nights

Amsterdam, Netherlands: In early 2014, the Amsterdam City Council approved a policy that made it easier for local residents to share their primary residence. Airbnb and the City of Amsterdam subsequently entered into an MOU agreement to promote responsible home sharing, simplify the payment of tourist tax and clamp down on illegal hotels. The new adopted policy is an excellent example of how policymakers can create innovative policies that embrace the sharing economy and make cities better places to live and visit.

Ordinance Highlights Include:

- A new category of accommodation was created, called "Private Rental", which allows local residents to rent their residence for up to 60 days a year.
- Short Term Rentals are allowed only by those registered by the City as a primary resident in that particular dwelling.
- Ensure the Short Term Rental meets all fire and safety rules.
- Airbnb collects all applicable bed and tourist taxes (an additional 5%), the first European country to enter into our Voluntary Collection Agreement.

Statistics:

- Active Listings: 13,000
- Entire Home | Private Room: 81% | 18%
- Average Host Income: \$4,100
- Total Number of Guests 2015: 575,000
- Average Length of Stay: 3.3 nights

Paris, France: In March 2015, the President of France signed into law "Bill ALUR" - the new national housing legislation allowing anyone living in France to legally (and easily) rent out their primary

residence. In the year since, thousands of Parisians share their homes making Paris the top destination in the world for home sharing on Airbnb. Paris is a great example of what can happen when governments embrace innovation and provide clear legal frameworks for home sharing.

Ordinance Highlights Include:

- Short Term Rentals are allowed in all primary residences (defined in France as somewhere the host lives for at least eight months per year)
- Hosting in secondary residences is subject to a “change of use” permission from the city.

Statistics:

- Active Listings: 52,000
- Entire Home | Private Room: 88% | 11%
- Average Host Income: \$3,200
- Total Number of Guests 2015: 1,453,000
- Average Length of Stay: 4.3 nights

London, United Kingdom: In May 2015, new national legislation was passed to reform 1970s-era legislation about Short Term Rentals in the capital. Now, Londoners are able to share their homes with guests from all over the world – just like residents in the rest of the UK. These reforms help locals meet the cost of living in one of the most expensive cities in the world.

Ordinance Overview:

- Hosts are free to share their homes for up to 90 days a year without the need for “change of use” permission. Beyond 90 days, local areas of London may require formal permission.
- Hosts are able to earn up to £7,500 per year from renting part of their primary residence without having to pay income tax on it.
- Simple, proportionate fire safety measures apply.

Statistics:

- Active Listings: 36,000
- Entire Home | Private Room: 52% | 46%
- Average Host Income: \$5,300
- Total Number of Guests 2015: 1,060,000
- Average Length of Stay: 4.4 nights

Santa Clara, CA: During the summer of 2015, Airbnb and the City of Santa Clara began discussing how to work together to ensure the upcoming Super Bowl 50 could be a success for residents and the city (see: [Super Bowl report](#)). With the event fast approaching, Airbnb and the city entered into a streamlined agreement legalizing short term rentals coupled with a simple and fair tax collection component. Santa Clara is a perfect example of agreements done correctly: residents earn additional income while ensuring spending is distributed to local businesses and neighborhoods throughout the city.

Ordinance Overview:

- Upon review, the city determined their existing laws did not need to be adjusted and short term rentals were permissible. The City opted not to amend any land use regulations.
- In Santa Clara, the city is committed to allocating Airbnb’s incoming transient occupancy tax revenue for an affordable housing trust fund.

Statistics:

- Active Listings: 432
- Entire Home | Private Room: 54% | 40%
- Average Host Income: \$8,800
- Total Number of Guests 2015: 6,000
- Average Length of Stay: 6.4 nights

Malibu, CA: Every day around the world, we are having conversations with policymakers about fair policies that make it easier for people to share their homes. Tax rules, for example, can be complicated and are often unclear how existing rules apply. In April 2015, Airbnb worked with Malibu on a policy to allow people to rent their homes as short term rentals, without limitation, if hosts register with the city and pay the transient occupancy tax. As we continue to engage with officials in cities around the world around complicated tax rules—different in nearly every jurisdiction—we look to Malibu as a shining light of what can be possible when we work together to ensure that rules enabling home sharing are simple, fair, easy to follow and easy to implement.

Ordinance Overview:

- Hosts must abide by contracts or rules that bind them, such as leases, condo board or co-op rules, HOA rules, or rules established by tenant organizations.
- Malibu requires hosts of some rooms offered for overnight stay to obtain a business license from the Los Angeles County Treasurer and Tax Collector.
- Airbnb collects the Transient Occupancy Tax on behalf of our hosts and remits it back to the city.

Statistics:

- Active Listings: 350
- Entire Home | Private Room: 81% | 18%
- Average Host Income: \$17,000
- Total Number of Guests 2015: 14,000
- Average Length of Stay: 2.9 nights

South Lake Tahoe, CA: South Lake Tahoe has seen some explosive growth over the past decade. Initially, the city adopted their short term rental program in 2003 in response to community concerns. Over the course of the following twelve years, the number of vacation homes has steadily grown to approximately 1,800 short term rental properties. Amendments to the short term rental ordinance was adopted throughout several City Council meetings with the new laws having taken effect in late 2015. South Lake Tahoe is a great example of creative laws being employed in booming vacation rental markets.

Ordinance Overview:

- South Lake Tahoe has short term rentals in both residential and commercial / tourist areas where transient occupancy (hotels/motels) are allowed. The City's Ordinance divides rules and regulations by where the rentals are located.
- All short term rentals in both residential and commercial districts will require a permit with the city.
- Short term rentals already permitted in residential areas will be required to have an inspection by a city inspector at the time of their permit renewal.

Statistics:

- Active Listings: 1,000
- Entire Home | Private Room: 93% | 7%
- Average Host Income: \$11,300
- Total Number of Guests 2015: 70,000
- Average Length of Stay: 2.7 nights

San Jose, CA: In December 2014, San Jose adopted comprehensive home sharing regulations allowing primary residents in all residential and mixed-use zoning districts to host in short term rentals for up to 180 days if they are not physically present during the rental ('unhosted') or without limitation if they share a portion of their residence while they are physically present ('hosted'). The Council focused on developing rules which were simple for residents to follow, that provide recourse for residents and community members in case of nuisances, and that did not require the City to establish a new enforcement bureaucracy due to minimal evidence of actual community concerns or complaints. San Jose remains one of the most effective pieces of home sharing legislation passed in the United States and should serve as a guide for other cities considering entering into short term rental agreements.

Ordinance Highlights Include:

- Authorized 'incidental transient occupancy' as an allowed use in one-family, two-family or multiple family dwellings, mobile homes, live/work units, secondary dwellings and guest houses.
- Allows short term rentals as an incidental use of the property and does not impose any registration requirements.
- Numerical caps on annual number of nights (180 days per calendar year - no host present. 365 days per calendar year with host present)
- Parking requirements by dwelling type
- Transient Occupancy Tax collection/remittance
- Recordkeeping requirements for hosts/operators

Statistics:

- Active Listings:
- Entire Home | Private Room:
- Average Host Income:
- Total Number of Guests 2015:
- Average Length of Stay:

Jersey City, NJ: In October 2015, the Jersey City Council passed a clear and highly effective ordinance to permit short term rentals (STRs), e.g. a unit rented out for less than 30 consecutive days. City officials lauded the proposed ordinance as a partnership with us, which we then, in turn, publicly endorsed the change in the city's zoning ordinance, highlighting our agreement to collect and remit taxes on behalf of the hosts/guests. According to city leaders, by legalizing STRs and partnering with us, Jersey City would earn an additional \$600,000 - \$1 million annually on the (then) more than 300 Airbnb listings in the city, in addition to the roughly \$6 million it already received from its tax on traditional hotel rooms. Our host community has since grown to over 1,000 and our engagement in Jersey City remains one of the most mutually beneficial in the United States.

Ordinance Highlights:

- A host offering an ADU for STR use must be the owner/lessee of the residence in which the STR activity occurs.
- No person offering an ADU for STR use shall be required to obtain any license unless they offer more than 5 separate listings in the city.
- If a host offers 5 or more listings:
 - They must obtain a license for each ADU and;
 - Ensure that the STR use is clearly incidental to the principal residential property
- Host ensures no sign identifying the STR and no identification of an STR on any mailbox.
- Host agrees the STR will be conducted in a manner that does not disrupt the residential character of the neighborhood.

Statistics:

- Active Listings: 1,000
- Entire Home | Private Room: 55% | 40%
- Average Host Income: \$4,200
- Total Number of Guests 2015: 26,000
- Average Length of Stay: 5.8 nights



Host Protection Insurance Summary

Updated on October 22, 2015

The Host Protection Insurance program provides coverage through a Lloyd's of London participating insurer. There is no additional cost to hosts for coverage under the policy.

The policy is written on general commercial liability forms and the coverage and exclusions are in line with general commercial liability policies.

LEARN MORE 

COVERAGE



Hosts in the Australia, Canada, China, France, Germany, India, Ireland, Italy, Japan, The Netherlands, New Zealand, Portugal, Singapore, Spain, United Kingdom and United States have liability coverage for property damage and bodily injury to others arising during a stay at their Airbnb accommodation.

For Illinois and New York, the coverage limit is \$1,000,000 per occurrence and \$1,000,000 per host per policy year. For the remaining 48 States, the limit is \$1,000,000 per occurrence per policy year subject to a per location limit of \$1,000,000 and a policy aggregate limit of \$10,000,000. For the other covered countries outside of the United States, the limit is \$1,000,000 per occurrence per policy year subject to a per location limit of \$1,000,000 and a policy aggregate limit of \$10,000,000.

The new and expanded Host Protection Insurance Program is effective on **October 22, 2015**.

The policy underlying the Host Protection Insurance program provides primary coverage.

ELIGIBILITY



Eligible for coverage

- 1 Accommodation**
Accommodation is a residential or other property location that is owned or controlled by the host and listed on Airbnb.
- 2 Host**
Host is a person or entity who lists their accommodation on Airbnb. Host also includes a person providing host related services.
- 3 Rental Period**
Rental period begins on the check in date and ends on the check out date. There must be an actual stay in order for the coverage to apply.

Summary of Key Exclusions

The policy does not apply to liability arising from (1) Intentional Acts including: (i) Assault and Battery or (ii) Sexual Abuse or Molestation - (by the host or any other insured party), (2) Loss of Earnings, (3) Personal and Advertising Injury, (4) Fungi or Bacteria, (5) Chinese Drywall, (6) Communicable Diseases (7) Acts of Terrorism, (8) Product Liability, (9) Pollution and (10) Asbestos, Lead or Silica.

Note

This document is a good faith summary of the General Liability Policy underlying the Host Protection Insurance Program. It is not a legal document.

PRINCIPLES FOR STRONG HOME SHARING

Airbnb's mission is to democratize travel by allowing anyone to belong anywhere. We make this happen through our people-to-people platform -- we are of the people, by the people, and for the people -- that connects hosts and guests in more than 190 countries.

Cities around the world are embracing home sharing and enabling middle class residents to earn extra money by welcoming guests into all—or part—of their home on platforms like Airbnb. While some cities already have laws in place, others have found a need to update or clarify outdated laws and establish simple guidelines that hosts can easily follow to share their homes with others. We want to enhance our relationships with cities. To achieve that goal, we have released the [Airbnb Community Compact](#), which outlines a series of commitments we are making to be good partners with cities.

Homesharing is an economic boon to cities and to residents who enthusiastically embrace it. Economic inequality is on the rise and home sharing expands the pie for our overwhelmingly middle-income hosts who earn the equivalent of a 14% annual raise on average. Hosts keep 97 cents of every dollar they charge guests on Airbnb - money that stays in the local economy and is often used to pay rent or a mortgage.

Our community is also a powerful source of new tax revenue, particularly where Airbnb can partner with governments to streamline and simplify the process. Since 2014, Airbnb has partnered with dozens of governments around the world and remitted nearly \$42.6 million in hotel, occupancy and tourism tax revenue. In just the fifty largest cities in the United States, Airbnb could have remitted \$200 million in 2015 through these types of partnerships, and we look forward to expanding this program.

Nothing is more important than ensuring the safety of our hosts and guests. Though accidents and property damage are extremely rare, Airbnb's [Host Guarantee](#) enables reimbursement for up to \$1 million in the event of damage to a host's personal property. Additionally, our [Host Protection Insurance](#) provides \$1 million of primary coverage for Airbnb hosts and landlords, as additional insurance, in over 15 countries including the United States. Both of these programs are offered free of charge to hosts.

And our trust and safety tools allow guests and hosts to verify their IDs by connecting to popular social networks and scanning their official ID. All users can learn about one another through detailed profiles and confirmed reviews, and by sending messages through the platform before booking. Airbnb [asks](#) hosts to ensure they have working smoke and CO2 detectors and provides an online tool for hosts to create emergency exit maps.

We are committed to working with governments on smart, sensible rules that address key concerns, generate new revenue, and help middle-income families stay in their homes. We understand that every city is different and as we move forward, we will partner with individual cities to address their unique policy needs. Attached, please find examples of best practice regulations from several cities as well as key issues for consideration.

Key Issues and Best Practices

Every city is unique and there is no one-size fits all regulatory approach to short term rentals. Because each city different, we developed the following principles to help guide policy makers develop thoughtful home sharing regulations:

- **Clear Rules for Home Sharing:** All residents should be able to share their permanent home without the need for complicated permits or licenses. We encourage such regulations to require streamlined and online registration/permitting processes only. Renting all or a portion of a primary resident's home to visitors should not trigger complex permit rules or alter the character of a property from residential to commercial. Stronger regulation may be occasionally appropriate for residents who rent non-primary homes to visitors for more than half of the year.
- **Common Sense Safety Rules:** Airbnb's trust and safety tools are intended to educate users about important safety rules and provide information about the individual features of each listing. Some cities adopt simple, and complementary, rules requiring all hosts to carry to maintain working smoke and carbon monoxide detectors in their homes. Others have simply added other features in the legislation, such as requiring hosts to have fire extinguishers or emergency-exit maps in their home.
- **Community Trust:** Cities have nuisance laws in place that address neighborhood character (e.g. occupancy, parking, noise, and garbage) through their own enforcement and penalty procedures. These apply to all similar properties, whether or not the property is rented on a short-, or long-, term basis. Airbnb's robust reciprocal review system and trust and safety tools further protect hosts, guests, and communities. We encourage hosts to think carefully about their responsibilities and understand that hosting comes with a commitment to neighbors and to the community.
- **Streamlining Transient and Accommodation Tax Collection:** One of the great benefits of homesharing is that it provides a new source of revenue for cities. At Airbnb we are committed to ensuring our community pays its fair share of taxes. However, most of the taxes our hosts are required to pay are based on laws that were written with hotels in mind, and hosts often struggle with complicated processes that were never intended for short term rentals. Cities should streamline these rules and work with platforms like Airbnb that voluntarily agree to assume the hosts' collection obligation to increase compliance and convenience.
- **Understanding Home Sharing in Your Community:** Airbnb will provide cities with the information they need to make informed decisions about home sharing policies. While protecting host and guest privacy, Airbnb will provide anonymized information regarding hosts and guests in our community to city officials to help inform the development of their home sharing policies.
- **Home Sharing That Benefits All:** Home sharing rules should not discriminate between neighborhoods or building types, instead allowing all residents to share their home with visitors. Home sharing should be authorized in any zoning district where residential activity is allowed, and all residents - whether renters or homeowners - should be able to participate.

- **Respecting Rules of Local Communities:** Rules for home sharing or vacation rentals should not override otherwise lawful private contractual agreements such as leases or homeowners' association covenants.

Attached are a number of examples of cities that have passed sensible home sharing rules.

The Airbnb Community Compact

Airbnb is a people-to-people platform—of the people, by the people and for the people—that was created during the Great Recession to help people around the world use what is typically their greatest expense, their home, to generate supplemental income.

Airbnb creates economic opportunity. The typical middle-income host in the United States **can earn the equivalent of a 14 percent annual raise** sharing only the home in which they live at a time when economic inequality is a major challenge. Airbnb democratizes travel so anyone can belong anywhere—**35 percent of the people who travel on Airbnb say they would not have traveled or stayed as long but for Airbnb.**

Airbnb is home to good travelers and good neighbors who contribute to their communities. **97 percent of the price of a listing, set by the Airbnb host, stays with the host.** Airbnb hosts and guests have also made clear in conversations, town halls, responses to surveys, and thousands of individual discussions that they want to do right by the cities where they live, work and visit.

Based on our core principles to help make cities stronger, Airbnb is committed to working with cities where our community has a significant presence and where there is support for the right of people to share their homes, both when they are present and when they are out of town. As we work with cities around the world, we will:

Treat Every City Personally and Help Ensure Our Community Pays its Fair Share of Hotel and Tourist Taxes

Cities have unique home sharing policy needs—a dense, urban city may have different concerns than a historic vacation town or a non-traditional travel destination. Airbnb will partner with cities to address their individual policy needs.

In those places that respect the right of people to share their home, we will work to ensure that the Airbnb community pays its fair share of taxes while honoring our commitment to protect our hosts' and guests' privacy. This includes helping to ensure the efficient collection of tourist and/or hotel taxes in cities that have such taxes. We will work to implement this initiative in as many communities as possible.

Build an Open and Transparent Community

Cities can make the best policy decisions about home sharing when important data is available. Airbnb will provide cities with the information they need to make informed decisions about home sharing policies.

While protecting our hosts' and guests' privacy, Airbnb will provide anonymized information regarding hosts and guests in our community to city officials to help inform the development of home sharing policies. We will work with individual cities to identify the specific types of data they need to craft fair, progressive rules.

On an annual basis, Airbnb will also release Home Sharing Activity Reports in cities where our community has a significant presence. These reports will include:

- The total annual economic activity generated by the Airbnb community.
- The amount of income earned by a typical Airbnb host.
- The geographic distribution of Airbnb listings.
- The number of hosts who avoided eviction or foreclosure by sharing their home on Airbnb.
- The percentage of Airbnb hosts who are sharing their permanent home.
- The number of days a typical listing is rented on Airbnb.
- The total number of Airbnb guests who visited a city.
- The average number of guests per listing by city.
- The average number of days the average guest stayed in a city.
- The safety record of Airbnb listings.

Promote Responsible Home Sharing To Make Cities Stronger

Cities succeed when their citizens are actively empowered to help determine their own destiny. Airbnb will work to educate hosts and guests about the home sharing needs and rules in cities so they are empowered to engage in home sharing practices that are in the best interests of the cities they call home.

In particular, there are some cities that have a significant number of Airbnb listings but do not have a comprehensive policy approach to home sharing. In some of these places, community leaders have identified a shortage of long-term rental housing as a critical issue. In these cities, we will work with our community to prevent short-term rentals from impacting the availability of long-term rental housing by ensuring hosts agree to a policy of

listing only permanent homes on a short-term basis. We will also continue to work with cities that have established home sharing policies as they evaluate these matters.

Additionally, we will work with cities to determine whether non-permanent homes that would otherwise not be on the market as long-term rentals (such as a second home that is occasionally used) can be made available for short-term rentals consistent with the policy needs of a particular city. Finally, we will continue to support hosts who provide long-term accommodations like corporate housing, as well as certain standard hospitality venues like traditional bed & breakfasts that use Airbnb and provide unique, local experiences to guests.

Short Term Rental (STR) Impact on the Housing Market

STRs as Supplemental Income

- Does it allow people to afford to stay in their home or avoid foreclosure?
 - STRs can help homeowners share housing costs, and there are several websites that advocate for STRs based on the claim of gained financial stability to homeowners. However, this argument loses validity if the homeowner is not sharing their home for rental. More research is needed since there are conflicting answers to this question.

STR Impact on Affordable Housing Market

- Does it help affordable renters? Or ace them out of spaces?
 - STRs can both help affordable renters and potentially displace them. STRs can create financial stability, especially to those that rent or “share” a portion of their home. An “Airbnb roommate” will often account for well over half the rent. For example, in “Miami, San Diego, Chicago and Philadelphia, [an occupant] would pay over 90% [of the rent]” (smartasset.com).
 - At the same time, on average, 62% of Airbnb rentals in 14 major U.S. cities are advertised whole unit rentals (insideairbnb.com). Whole unit rentals can be advertised by vacationing or seasonal residents. However, whole unit rentals can also signify large scale unofficial “hotels.” There are several examples of tenants being wrongfully evicted, so the landlord can make units available on STR platforms and make more money.
 - Whole unit rentals also have higher maintenance costs than regular rentals. Units need to be cleaned after each turnover, the space needs to be furnished, and other amenities must be provided. Even with extra costs, one user claims their STR made \$600 extra a month compared to a traditional rental (affordanything.com).
- Does it conflict with affordable housing financing regulations?
 - STRs conflict with numerous affordable housing regulations. Individuals and families need to income qualify to receive subsidized rents. Not only would they be making additional, undocumented income, but the short-term tenants may not even qualify for subsidy. Additionally, instances were found of people in housing co-ops advertising their units as STRs, which violates by-laws.
- Do developers prefer to develop market rate to allow for STRs?
 - No evidence has been found (yet) supporting the claim that developers prefer market rate specifically to allow for STRs. In general, many developers prefer market rate rentals because of the high ROI, so this claim may not be unfounded.
- Is anyone developing specifically for this market?
 - An article from February 2015 highlighted a new construction high rise with fully furnished units in downtown L.A. The development is called “LEVEL Furnished Living” and is specifically marketed as “luxurious furnished apartments; perfect for short-term stays, long-term stays, and corporate housing” (stayinglevel.com). More research is needed to determine the prevalence of this type of development.

Solutions related to maintaining housing affordability

- Transient Occupancy Tax (TOT) is charged in most states to travelers when renting accommodations unless the stay is for a period of 30 days or more.
 - Some municipalities have used this income to fund affordable housing programs (Several CA cities; Nashville, TN).

Potential Research Area

A potential way to measure the impact locally is to determine number of “whole unit rentals” vs. “home-shares.” Another method is to determine how many users have multiple listings. STR platforms have strict regulations for user data privacy, so it’s difficult to get a clear picture of STR markets unless the websites are individually analyzed. If this information would be beneficial, the data could be gathered by June.



Introduction to Airbnb

Founded in August of 2008 and based in San Francisco, California, Airbnb is a trusted community marketplace for people to list, discover, and book unique accommodations around the world — online or from a mobile phone or tablet. Whether a spare bedroom, an apartment, a villa or a private island, Airbnb connects travelers to a more diverse and authentic range of experiences in over 34,000 cities and 190 countries.



Leading the Sharing Economy

Airbnb and our community are part of the growing Sharing Economy, a business model powered by new network technologies and social tools that is redefining the ways goods and services are created and exchanged amongst citizens, businesses and governments. The Sharing Economy is about how resources are used, how hospitality is exchanged, how residents are empowered, and how economic opportunities are distributed across diverse communities. These values are at the heart of Airbnb.



A Stay on Airbnb

Everyday people decide to list their homes on Airbnb. Hosts create profiles for themselves and their property, choose their own price and availability and set guidelines for guests.

- Guests search for hosts who are renting extra rooms, entire homes, or unique accommodations (like castles, treehouses or boats!).
- Hosts and guests learn about each other through past reviews, connections on Facebook, and personal communication through Airbnb.
- Guests and hosts use Airbnb to confirm travel dates, expectations, and pay.
- Airbnb holds onto the payment until 24 hours after the reservation begins. Hosts keep 87% of booking fees, and guests pay a 6-12% fee to Airbnb.
- After the stay, both hosts and guests leave reviews for one another, which are public for all future hosts and guests to read.



A Business Built on Community and Trust

Airbnb is committed to fostering trust between our guests, hosts, neighbors, and civic leaders. Together, we work to ensure that our global community has safe and positive experiences while using Airbnb. To do this, we have built best-in-class tools and procedures that empower hosts and guests to make smart and safe decisions about how to transact with one another. Hosts are empowered to welcome thoughtful and respectful guests, and they always have the final say about who they invite to share their home.



The Airbnb Community at a Glance

Airbnb is Global

Home sharing allows local residents to use what is typically one of their greatest expenses—their home—to make ends meet.

34,000+

cities

190

countries

1.5M+

hosts

50M+

guests

The Typical Airbnb Guest

Traveling with Airbnb provides guests with local authentic experiences.

91%

of guests want to live like a local

79%

of guests want to explore a specific neighborhood

Airbnb guests are highly educated, well-traveled and culturally curious.

35

guests average age

70%

of guests have a college degree or higher

90%

of guests are traveling for vacation or to visit friends and family

The Typical Airbnb Host

Airbnb helps ordinary residents use what is typically their greatest expense—their home—to help generate supplemental income by renting it to visitors:

81%

of hosts share the home in which they live

52%

of hosts are low to moderate income

74%

of properties are outside of hotel districts, where local residents live

Hosting helps them afford increasing costs of living:

53%

of hosts say hosting helped them stay in their homes

48%

of host income is used to pay for regular household expenses, like rent and groceries

AH&LA URGES LEVEL PLAYING FIELD AT FTC 'SHARING ECONOMY' WORKSHOP

Panel includes representatives from Airbnb, NYC Taxi and Limousine Commission, Uber and National League of Cities

Washington, June 9, 2015— The American Hotel & Lodging Association (AH&LA) participated in today's Federal Trade Commission (FTC) "Sharing Economy" Workshop aimed at exploring the relationship between competition, consumer safety, economic growth and regulation. Senior Vice President and head of Governmental Affairs, Vanessa Sinders, joined a panel discussion with representatives from Airbnb, NYC Taxi and Limousine Commission, Uber and National League of Cities.

AH&LA's Sinders focused on the importance of leveling the playing field to ensure consumer safety and uphold competition, saying that all market players in the lodging business should abide by commonsense laws and regulations that protect the health, safety and well-being of their guests.

Sinders said, in part: "Our industry remains successful because our members embrace a highly competitive business model where everyone plays by the same rules. And that is what we are here today to discuss. Right now there is an un-level playing field that is compromising consumer safety, endangering the character and security of residential neighborhoods around the country, and changing the housing market in some negative ways."

Please read the full text of Ms. Sinders' opening remarks below:

Good afternoon. I'm Vanessa Sinders with the American Hotel & Lodging Association. We represent the entire hotel industry across the United States.

From traditional bed and breakfasts, small properties, and independent hotels, to the big brand companies and major ownership groups.

Competition is a hallmark of the lodging industry. We welcome it. It makes us better and stronger. Competition drives growth, more jobs, innovation, new technologies, and new models on how to better serve our guests. And as one of the most competitive industries out there, we see this every day.

And it's a great time to be in the hotel business. We are experiencing dynamic growth and opportunity.

Our industry is responsible for 1.8 million jobs in communities across America and has been one of the few bright spots of job creation during the recent economic recovery.

We have also contributed billions of dollars to local, state and federal coffers. Last year alone, we generated \$134 billion in federal, state, and local tax revenue.

Our industry remains successful because our members embrace a highly competitive business model where everyone plays by the same rules. And that is what we are here today to discuss. Right now there is an un-level playing field that is compromising consumer safety, endangering the character and security

of residential neighborhoods around the country, and changing the housing market in some negative ways.

The hotel industry is all about the guest experience and providing our customers with extraordinary service and a safe and secure environment, from start to finish.

Indeed, we, in the hotel business, are guided by certain overarching principles: Ensuring the safety and security of our guests; providing quality guest service; being good partners in the communities in which we operate, grow and develop them; and providing jobs and a pathway to upward mobility for our employees.

Yet, increasingly we hear concerns about new market players that undermine these principles and raise questions about consumer safety, and the changing face of communities and neighborhoods.

Market players handling transactions, especially ones like Airbnb which is an estimated \$20 billion enterprise, have certain obligations to uphold such as:

Ensuring that the fair share of taxes are paid, not picking and choosing what taxes to pay.

Ensuring that commonsense safety, security, health, and fire standards are followed, not picking and choosing what standards are important.

Hotellers follow a strict set of rules and regulations to ensure the safety and security of guests and communities, and we take these responsibilities very seriously.

But there are a lot of questions about whether the same can be said for these new companies, such as Airbnb. Even further, their mere existence may violate the law in some places.

New York is a prime example. The state's Attorney General found that 72% of short-term online rentals listed on Airbnb in New York City are illegal.

And his report also showed that this is not about the mom or pop or grandmother occasionally renting out their apartments to make some extra money on the side.

The report revealed that 6% of hosts on Airbnb dominated the site, generating nearly 40% of total revenue. This is a clear indication that Airbnb is making a substantial amount of its revenue off of illegal hotels.

These are not mom and pops, these are individuals or companies operating multiple properties as a business. These are not students making ends meet, they are rogue commercial interests. They are simply illegal hotels. And they should have to meet the regulatory obligations of the jurisdictions in which they operate, as hotels do, to protect the health, safety and well-being of their guests as well as the safety and character of the neighborhoods in which they operate.

Simply put, we believe that if you look like a hotel and if you act like a hotel, then you should be treated

like a hotel.

Today's discussion here at the FTC, a body whose job it is to protect consumers, is an important one. It will set a path on how best to ensure that as new platforms come to market, engaged in commercial transactions, they respect the rules of the road and protect the safety and security of guests and surrounding neighborhoods.

Consumers, homeowners, and communities are counting on us to get it right.

Thank you.



City of Duluth
Planning Division

411 West First Street • Room 208 • Duluth, Minnesota 55802-1197
218-730-5580 • Fax: 218-730-5904 • www.duluthmn.gov

An Equal Opportunity Employer

December 27, 2012

RE: Revised vacation rental regulations

Dear vacation rental operator,

This letter is to provide you with recently adopted regulations concerning the operation of vacation rentals in the city of Duluth and to inform you of the need for your property to comply with the new rules by April 30, 2013.

On December 17, 2012 the City Council adopted Ordinance #12-070(a) instituting, among other things, revised regulations for vacation rentals, referred to as "vacation dwelling units" and "accessory vacation dwelling units." The Council ordinance established these as "Interim Uses" and provided standards these uses will need to meet. The attached document lists the standards in more detail.

To comply with these regulations you must obtain an Interim Use Permit by following the procedure outlined in the attached checklist. The first step in this process is to contact the Planning Division at 218-730-5580 to schedule a pre-application meeting. It is our desire that all interested vacation rentals be considered for Interim Use Permits before the summer tourism season begins. Therefore, any vacation rental found after April 30, 2013 to be operating in violation of the ordinance will be subject to sanctions found in Sec. 50-39 of the UDC.

Please let me know if you have questions by calling 218-730-5329 or email at kdeming@duluthmn.gov.

Respectfully,

Kyle Deming
Planner II, Zoning Coordinator



Vacation Rentals Regulations

Vacation rental units are defined in the City of Duluth Legislative Code Chapter 50 (Unified Development Chapter) as Vacation Dwelling Units and Accessory Vacation Dwelling Units and are subject to the regulations described here.

Vacation Dwelling Unit – a habitable unit in a dwelling providing sleeping, cooking, eating, living and sanitation facilities that are physically separated from other habitable units that may or may not be located in the same building for periods of occupancy from 3 to 21 days. This use does not include hotels, motels, or bed and breakfasts.

Accessory Vacation Dwelling Unit – an accessory dwelling unit as defined by this chapter that is used for periods of occupancy from 3 to 21 days.

Vacation Dwelling Units and Accessory Vacation Dwelling Units are allowed as an Interim Use in RR-1, RR-2, R-1, R-2, R-P, MU-N, and F-5 districts. All vacation rentals must obtain an Interim Use Permit.

Vacation Dwelling Unit and Accessory Vacation Dwelling Unit Interim Use Permit Standards:

1. The minimum rental period shall not be less than 5 nights during the period from June 15 to September 15. The minimum rental period shall not be less than 2 nights during the rest of the year.
2. The total number of persons that may occupy the vacation dwelling unit is one person plus the number of bedrooms multiplied by two.
3. Off-street parking shall be provided at the following rate:
 - a. 1-2 bedroom unit, 1 space
 - b. 3-4 bedroom unit, 2 spaces
 - c. 5+ bedroom unit, 3 spaces
4. Only one motorhome (or pickup-mounted camper) and/or one trailer either for inhabiting or for transporting recreational vehicles (ATVs, boat, personal watercraft, snowmobiles, etc.) may be parked at the site, on or off the street.
5. The property owner must obtain all licenses and permits from the City of Duluth and State of Minnesota required for guest occupancy on the property for 3 to 21 days.
6. The property owner must provide required documents and adhere to additional requirements listed in the City of Duluth's UDC Application Manual related to the keeping of a guest record, designating and disclosing a local contact, property use rules, taxation, and interim use permit violations procedures.
7. The interim use permit shall expire upon change in ownership of the property or in six years, whichever occurs first.

In addition to the UDC Interim Use Permit requirements listed above, Vacation Dwelling Units and Accessory Vacation Dwelling Units must adhere to the following regulations:

1. Permit holder must keep a guest record including the name, address, phone number, and vehicle (and trailer) license plate information for all guests and must provide a report to the City upon 48

- hours' notice.
2. Permit holder must designate a managing agent or local contact who resides within 25 miles of the City and who has authority to act for the owner in responding 24-hours-a-day to any complaints from neighbors or the City. The permit holder must notify the Land Use Supervisor within 10 days of a change in the managing agent or local contact's contact information.
 3. Permit holder must provide the name, address, and phone number for the managing agent or local contact to all property owners within 100' of the property boundary. The permit holder must notify neighboring properties within 10 days of a change in the managing agent or local contact's contact information.
 4. Permit holder must disclose in writing to their guests the following rules and regulations:
 - a. The managing agent or local contact's name, address, and phone number;
 - b. The maximum number of guests allowed at the property;
 - c. The maximum number of vehicles, recreational vehicles, and trailers allowed at the property and where they are to be parked;
 - d. Property rules related to use of exterior features of the property, such as decks, patios, grills, recreational fires, pools, hot tubs, saunas and other outdoor recreational facilities;
 - e. Applicable sections of City ordinances governing noise, parks, parking and pets;
 5. If a permit holder is cited for any nuisance event as described in Chapter 40, Article III of the Duluth Legislative Code, the Land Use Supervisor may suspend the Interim Use Permit for 90 days. If the permit holder is cited for any nuisance event a second time, the Interim Use Permit shall be revoked.
 6. Permit holder must post their permit number on all print, poster or web advertisements;
 7. Permit holder must apply for and be granted State and local sales tax numbers, including Hotel and Motel Use Sales Tax.

Interim Use Permit

Starting the Application Process

- You must discuss proposed special use and interim use permits with Planning Staff prior to submitting an application. Call 218-730-5580 to schedule a pre-application meeting.
 - Make sure to get a Pre-App Verification at this meeting; you will need to submit this with your application.
- Submit your application materials to the One Stop Shop, Room 210 City Hall, by the Planning Commission Deadline. Your application must include the following:
 - Application Cover Sheet (see [Appendix](#))
 - Special Use or Interim Use Permit Checklist
 - Pre-App Verification
 - Required fee
 - Site plan
 - Other materials needed to confirm compliance with applicable standards, to be determined at the pre-application meeting:

- Development agreement

Public Notice

A mailed notice will be sent to property owners within 350 feet.

- You are required to post a sign notice on the property at least two weeks before the date of the public hearing. See UDC Section 50-37.1.H for information on size, placement, and content of each sign; you may want to contact a sign company or printing company to have the sign made. You must provide evidence that the signs were in place; submit photo(s) of the signs to the Planning Division at least two weeks before the date of the public hearing.

Interim Use Permit



(P) Indicates Public Hearing Required

Staff Review

Planning staff will evaluate your application and prepare a staff report. When considering a recommendation for a special use or interim use, Planning Staff generally review the Comprehensive Plan (including the Future Land Use Map, Governing Principles, and Policies), surrounding land uses and zoning, individual factors that are unique or special to the proposal, compliance with any approved district plan for the area, any additional UDC criteria, and other related factors.

Planning Commission Hearing

You will be notified when a Planning Commission hearing is scheduled for your application. Planning Commission meetings are scheduled at 5:00 pm on the second Tuesday of each month. The Planning Commission will hold a public hearing and make a recommendation.

City Council Decision

The Planning Commission decision will be forwarded to City Council in the form of a resolution. City Council will make a decision whether to approve the permit, approve it with modifications, or deny it.

The City Clerk's office will send notice of the Council action to the applicant.

Note that other city codes may apply to your project. Please be aware of any applicable Building code (Construction Services Division), Fire code (Life Safety Division), and stormwater/engineering (Engineering Division) regulations. The zoning approval may be only the first step in a several step process.

2015 Hotel Motel Lodging Tax Collections

	Less than 50 rooms		More than 50 rooms	
	First 3%		Second 3%	
Jan	\$	2,647	\$	205,432
Feb	\$	3,765	\$	252,236
Mar	\$	1,856	\$	259,345
Apr	\$	2,651	\$	283,141
May	\$	1,977	\$	290,521
Jun	\$	2,622	\$	376,573
Jul	\$	3,555	\$	317,154
Aug	\$	2,287	\$	390,373
Sept	\$	2,900	\$	360,007
Oct	\$	4,577	\$	348,819
Nov	\$	2,520	\$	372,214
Dec	\$	2,068	\$	268,993
	\$	33,425	\$	3,724,808